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SUBJECT: ELECTORAL CHANGES GIVE ADVANTAGES TO RULING PARTY

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¶1. (SBU) Summary: Changes to the electoral system that recently passed in Parliament will limit the playing field and build into the electoral code terms that give further advantages to the established majority Communist Party (PCRM). A new law on Political Parties adopted in the second reading on December 21, will provide money from the state budget to finance political parties based upon the number of seats they win in the 2009 elections. Changes to the Electoral Code that Parliament adopted in the first reading on December 27 will eliminate electoral blocs and prevent those with dual citizenship from running as candidates. A second bill would raise the party threshold floor in parliamentary elections from the current 4 percent to 6 percent. End Summary

Law on Political Parties Provides Public Financing  
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¶2. (U) On December 21 the parliament adopted in the second and final reading a Law of Political Parties, which will come into force in July 2009, i.e., after the next parliamentary elections. Article 32 of this law stipulates that political parties will be financed from the public budget, allocating 0.2% of the budget (about 28 million lei, or USD 2.5 million dollars) to finance parties that won seats in parliament or gained at least 50 local council mandates (raion level), to be apportioned in accordance with the number of seats they won. One restrictive measure introduced is that political parties will not be allowed to receive financing from abroad, which includes even Moldovan citizens living overseas.

¶3. (U) Note: Though 15 parties won local council seats in the June 2007 elections, only four parties won more than 50 seats and would thus have been eligible to receive funding under this provision of the law: The Communist Party (PCRM), Urechean's Our Moldova Alliance (AMN), Iurie Rosca's Christian Democratic Party (PPCD), and Diacov's Democratic Party of Moldova (PDM). Though 23 parties or blocs competed in the March 2005 parliamentary elections, only three won seats in parliament and would have become eligible for funding under this law: PCRM, PPCD, and the Democratic Moldova Electoral Bloc. End note.

¶4. (U) Fifty-six deputies from the PCRM and from Iurie Rosca's PPCD supported the bill. Several opposition parties, including Urechean's AMN, proposed that financing to the parties begin in January 2009, in time for the upcoming elections. Opposition parties were very critical of the law, and deputies from Diacov's Democratic Party walked out in protest.

¶5. (U) This law came to parliament for its first reading in December 2006, and then went to the Council of Europe for commentary. During the intervening year, the need to adopt a law on political parties remained an outstanding item on Moldova's European roadmap. With the passage of this law, Moldova has now adopted 17 of the 18 laws recommended by the Council of Europe.

## Changes to Electoral Code would Eliminate Blocs

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¶6. (U) On December 27 the parliament adopted in the first reading two bills with amendments to the electoral code. These will still have to go through a second reading before they would become law. The first bill (draft law 4350) would eliminate electoral blocs from participating in elections. (Note: In the 2005 parliamentary elections the parties of Urechian, Diacov, Bragis and Serebrian won parliamentary seats by running together in the Democratic Moldova Electoral Bloc. Without electoral blocs some of these parties would not be able to make it into parliament. End Note.)

¶7. (U) Another provision of this law would not permit persons with dual citizenship to run for office. (Note: In a December 27 meeting Speaker Lupu told the Ambassador that the EU had complained to President Voronin in Brussels about aspects of the dual citizenship rules. Lupu added that the law likely would be modified. End note.)

## Seeking to Raise the Parliamentary Threshold

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¶8. (U) Another bill that also passed in the first reading on December 27 would raise the parliamentary threshold from four percent to six percent. Only the PCRM and PPCD supported this bill. The Communist deputies argued that a higher threshold would allow only strong parties to enter the parliament, while opposition deputies were critical of the bill's intent to eliminate smaller parties from representation. Moldova had increased the election threshold in 2001 from four to six per cent, but reverted to four percent in 2005 following the parliamentary election that year. During the debate, some mention was made of the possibility of a five percent threshold. As the bill has yet to go to second

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reading, the outcome is not yet known and five percent may be the final compromise. (Note: The Ambassador told Speaker Lupu in his December 27 meeting that a five-percent threshold was closer to the European norm. End note.)

## Comment: Using the Law to Limit the Playing Field

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¶9. (SBU) Taken together these bills will strengthen the Communist party at the expense of the opposition. The smaller parties would likely find themselves without government funding, unable to compete in blocs, and facing a higher parliamentary threshold. Some smaller parties likely will conclude - correctly - that their only chance to win parliamentary seats will be to merge and form new larger parties. Unfortunately, the egos of many of Moldova's politicians may well preclude the compromise necessary to create viable mergers. The parties of Bragis and Musuc took a step forward recently when the two parties merged. However, a third party which was to join up declined at the last minute to do so. With the 2009 parliamentary elections looming, we expect to see additional party shifts in the coming months. End comment.

KIRBY